

NORTHWOOD PREPARATORY HIGH SCHOOL

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-3-04

# C O N T E N T S

	PAGE
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 PERFORMANCE AND STATISTICAL DATA):	
AGREED-UPON PROCEDURES REPORT	12
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES	18
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF	19
NUMBER AND TYPE OF PUBLIC SCHOOLS	20
EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS	21
PUBLIC SCHOOL STAFF DATA	22
CLASS SIZE CHARACTERISTICS	23
LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)	24
THE GRADUATION EXIT EXAM	25
THE IOWA TESTS	26
SUPPLEMENTAL INFORMATION	
SCHEDULE OF BOARD OF DIRECTORS	28
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31
STATUS OF PRIOR AUDIT FINDINGS	32

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(A LIMITED LIABILITY COMPANY)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We were engaged to audit the accompanying statement of financial position of Northwood Preparatory High School (a nonprofit organization) as of June 30, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. As discussed in Note J, on February 18, 2003, the School surrendered its charter to the State and operations ceased. The School has entered bankruptcy proceedings and will not continue as a going concern. As management was not present, we were unable to obtain management representations for our audit.

Because we were unable to obtain management representations, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

An audit was performed for the purpose of forming an opinion on the financial statements of Northwood Preparatory High School. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements.

February 11, 2004

*Smith, Huval & Associates, L.L.C.*

NORTHWOOD PREPARATORY HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2003

ASSETS

Current Assets

Cash	\$ 27,354
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Other Assets

Cash held in escrow	<u>65,000</u>
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	<u>\$ 92,354</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 66,567
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Accrued expenses	170,211
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Due to Louisiana Department of Education	990,866
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Contingent liability	<u>35,000</u>
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Total current liabilities	1,262,644
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Net assets - unrestricted	<u>(1,170,290)</u>
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	<u>\$ 92,354</u>
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The accompanying notes are an integral part of this statement.

# NORTHWOOD PREPARATORY HIGH SCHOOL

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2003

	<u>Unrestricted</u>
Support and Revenue	
State public school funding	\$ 1,385,385
School food services	33,345
Other income	16,126
Investment income	929
Other state funding	889
Federal sources	<u>695</u>
Total support and revenue	1,437,369
Expenses	
Instruction	
Regular education programs	762,784
Other instructional programs	75,355
Special education programs	50,306
Special programs	283
Support services	
School administration	395,274
Operation and maintenance of plant	323,117
Pupil support	95,625
Pupil transportation	74,333
Food service	65,053
General administration	64,305
Business services	39,444
Central services	18,772
Instructional staff support	1,150
Debt service	
Interest	4,416
Loss on disposition	<u>263,595</u>
Total expenses	<u>2,233,812</u>
Change in net assets	(796,443)
Net assets - beginning	<u>(373,847)</u>
Net assets - ending	<u><u>\$(1,170,290)</u></u>

The accompanying notes are an integral part of this statement.

NORTHWOOD PREPARATORY HIGH SCHOOL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2003

Cash Flows From Operating Activities:

Decrease in net assets	\$ (796,443)
Adjustments to reconcile decrease in net assets to net cash used for operating activities:	
Loss on disposition	263,595
Depreciation	55,995
Decrease in grants receivable	174,608
Decrease in prepaid expenses	17,501
Increase in cash held in escrow	(65,000)
Increase in accounts payable	7,135
Decrease in accrued expenses	(32,814)
Increase in due to Department of Education	<u>316,904</u>
Total adjustments	<u>737,924</u>
Net cash used for operating activities	(58,519)

Cash Flows From Financing Activities:

Payments on capital lease obligations	(14,324)
Payments on notes payable	<u>(66,946)</u>
Net cash used for financing activities	<u>(81,270)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (139,789)

Cash and cash equivalents at beginning of year 167,143

Cash and cash equivalents at end of year \$ 27,354

The accompanying notes are an integral part of this statement.

# NORTHWOOD PREPARATORY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

June 30, 2003

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwood Preparatory High School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on June 19, 1999. The School entered into a Charter School Contract with the Louisiana State Board of Elementary and Secondary Education beginning July 1, 1999 whereby the School would operate a Type II charter school as defined in LSA R.S. 17:3971, et. seq. The School served eligible students in grades seventh through twelfth primarily in the parishes of Tangipahoa and St. Helena. Effective February 18, 2003, the School surrendered its charter to the Louisiana State Board of Elementary and Secondary Education. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### 1. Financial Statement Presentation

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

#### 2. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of Northwood Preparatory High School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

#### 3. Revenues

The School's primary source of funding is through the State Public School Fund. The School receives \$5,325 per eligible student in attendance on October 1, payable in monthly installments. The student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. At June 30, 2003, the School owes the Louisiana Department of Education \$990,866. \$673,340 represents disallowments for the year ended June 30, 2002 and \$317,526 represents the difference in funded enrollment, 560 students, and actual enrollment, 446 students, paid for seven months through January 31, 2003.



NORTHWOOD PREPARATORY HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Revenues - Continued

During the year ended June 30, 2003, the Louisiana Department of Education did not audit the student count.

State and federal grants are on a cost reimbursement basis. Accrual is made when eligible expenses occur.

4. Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments which naturally add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$55,995 for the year ended June 30, 2003. The following are the estimated useful lives of the fixed assets of the School.

	<u>Useful Lives</u>
Leasehold improvements	5
Furniture and equipment	5-7
Equipment	5-7

5. Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

6. Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be a cash equivalent.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



# **NORTHWOOD PREPARATORY HIGH SCHOOL**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

### **NOTE B - CASH AND INVESTMENTS**

As of June 30, 2003 cash consists of demand deposits in a local bank of \$27,354.

### **NOTE C - CAPITAL LEASE OBLIGATION**

The capital lease obligation was retired on December 19, 2002.

### **NOTE D - NOTES PAYABLE**

During the year ended June 30, 2003, the School had been obligated for notes payable to a bus dealer and to a computer company. The bus dealer repossessed School buses in satisfaction of its notes payable which was \$30,264 at closure. The computer company note was paid off as scheduled on December 19, 2002.

### **NOTE E - CONTINGENT LIABILITIES**

During the year ended June 30, 2000, a full-time employee exhausted all of her sick leave due to complications incurred during her pregnancy. The employee did not return to work in the 1999-2000 school year. The employee has filed suit in district court seeking payment of back wages and related benefits. The basis for her claim is related to similar extended benefits offered by the Tangipahoa Parish School Board. The School's charter does not contain any language regarding application of such benefits. The district court awarded the former employee an award of \$35,000 which has been recorded as a liability at June 30, 2003.

The School has filed an appeal of this judgement. Also, a claim has been made by a student relating to an incident that occurred on a school bus. The School's legal counsel did not give an opinion as to the probability of an unfavorable outcome. The student's family was included on the bankruptcy list of creditors at \$50,000. No liability has been recorded on this claim as of June 30, 2003.

At June 30, 2003, the School faculty and employees were owed \$339,340 for accrued salaries and benefits. The Louisiana Board of Elementary and Secondary Education has agreed to pay the faculty and employees \$227,843 of this balance. The School owes the remaining balance of \$169,497 which has been included in accrued expenses on page 4.

### **NOTE F - RETIREMENT PLANS**

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information, relative to the plan follows:

# NORTHWOOD PREPARATORY HIGH SCHOOL

## NOTES TO FINANCIAL STATEMENTS

June 30, 2002

### NOTE F - RETIREMENT PLANS (Continued)

#### Teachers' Retirement System of Louisiana (TRS)

Plan Description: The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Funding policy: Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determine rate. The current rate is 13.1% of annual eligible covered payroll. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the year ended June 30, 2003 was \$179,571, equal to the required contribution for the year.

### NOTE G - FIXED ASSETS

Depreciation expense for the year ended June 30, 2003 was \$55,995.

In accordance with the charter, the Louisiana Department of Education took possession of remaining fixed assets. A loss on disposition of \$263,595 was recorded during the year ended June 30, 2003.

### NOTE H - CONCENTRATION OF FUNDS

The organization received almost all of its funding from the State of Louisiana.

### NOTE I - CASH HELD IN ESCROW

The School has transferred \$65,000 to a local bank to be held in escrow. \$55,000 relating to possible litigation and \$10,000 relating to a fine assessed by the Louisiana High School Athletic Association which was released subsequent to year end.

### NOTE J - GOING CONCERN

In the years ended June 30, 2003 and 2002, the School incurred a deficit in net assets of \$(1,170,290). The deficit was primarily due to disallowments of students based on the Louisiana Department of Education's audit. On February 18, 2003, the School surrendered its charter. Operation of the School was transferred to the Tangipahoa Parish School Board. The School has entered into Chapter 7 bankruptcy proceedings. As a result, the School will not continue as a going concern.

**SCHEDULES REQUIRED BY STATE LAW**  
**(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Northwood Preparatory High School and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Northwood Preparatory High School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

### General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

### Findings:

Of the 25 transactions tested, we were unable to locate support for 5 transactions.

To the Board of Directors  
of Northwood Preparatory High School

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School supporting payroll records as of October 1.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced each of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings:

None

To the Board of Directors  
Northwood Preparatory High School

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced each to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings:

None

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

We compiled a list of classes from copies of roll books copied by the Louisiana Department of Education. Of the 34 teachers, we were unable to locate 7 of the teachers' roll books.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Northwood Preparatory High School.

Findings:

The School closed before tests were given.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Northwood Preparatory High School.



To the Board of Directors  
Northwood Preparatory High School

The Graduation Exit Exam for the 21st Century (Schedule 8) - Continued

Findings:

The School closed before tests were given.

The IOWA Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Northwood Preparatory High School.

Findings:

The School closed before tests were given.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Northwood Preparatory High School, *the Louisiana Department of Education, the Louisiana Legislature*, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 11, 2004

*Smith, Havel & Associates, L.L.C.*



## **NORTHWOOD PREPARATORY HIGH SCHOOL**

### **SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

As of and for the Year Ended June 30, 2003

#### **Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

#### **Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

#### **Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

#### **Schedule 4 - Experience of Public Teachers and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

#### **Schedule 5 - Public School Staff Data**

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

#### **Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

#### **Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

NORTHWOOD PREPARATORY HIGH SCHOOL

SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA) (CONTINUED)

As of and for the Year Ended June 30, 2003

**Schedule 8 - The Graduation Exit Exam**

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 9 - The IOWA Tests**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

NORTHWOOD PREPARATORY HIGH SCHOOL

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES

For the Year Ended June 30, 2003

Schedule 1

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 540,501	
Other Instructional Staff Activities	56,414	
Employee Benefits	109,251	
Purchased Professional and Technical Services	102,309	
Instructional Materials and Supplies	71,611	
Instructional Equipment	8,642	
Total Teacher and Student Interaction Activities		\$ 888,728

Pupil Support Activities	95,625	
Less: Equipment for Pupil Support Activities	0	
Net Pupil Support Activities		95,625

Instructional Staff Services	1,150	
Less: Equipment for Instructional Staff Services	0	
Net Instructional Staff Services		1,150

Total General Fund Instructional Expenditures	\$ 985,503
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Total General Fund Equipment Expenditures	\$ 8,642
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**Certain Local Revenue Sources**

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ 0
Renewable Ad Valorem Tax	0
Debt Service Ad Valorem Tax	0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	0
Sales and Use Taxes	0
Total Local Taxation Revenue	\$ 0

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 0
Earnings from Other Real Property	0
Total Local Earnings on Investment in Real Property	\$ 0

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ 0
Revenue Sharing - Other Taxes	0
Revenue Sharing - Excess Portion	0
Other Revenue in Lieu of Taxes	0
Total State Revenue in Lieu of Taxes	\$ 0

Nonpublic Textbook Revenue	\$ 0
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Nonpublic Transportation Revenue	\$ 0
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NORTHWOOD PREPARATORY HIGH SCHOOL  
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

As of October 1, 2002

Schedule 2

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	16	47.00%	12	35.00%	1	33.33%		
Master's Degree	3	9.00%	1	3.00%	1	33.33%		
Master's Degree + 30	2	6.00%			1	33.34%		
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>21</b>	<b>62.00%</b>	<b>13</b>	<b>38.00%</b>	<b>3</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>

NORTHWOOD PREPARATORY HIGH SCHOOL

NUMBER AND TYPE OF PUBLIC SCHOOLS

For the Year Ended June 30, 2003

Schedule 3

Type	Number
Elementary	
Middle/Jr. High	
Secondary	1
Combination	
Total	1

NORTHWOOD PREPARATORY HIGH SCHOOL

EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS

As of October 1, 2002

Schedule 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals		1					1	2
Principals						1		1
Classroom Teachers	18	9	4	1	2			34
Total	18	10	4	1	2	1	1	37

NORTHWOOD PREPARATORY HIGH SCHOOL

PUBLIC SCHOOL STAFF DATA

For the Year Ended June 30, 2003

Schedule 5

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	<b>20,564</b>	<b>20,564</b>
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	<b>15,079</b>	<b>15,079</b>
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	<b>34</b>	<b>34</b>



# NORTHWOOD PREPARATORY HIGH SCHOOL

## CLASS SIZE CHARACTERISTICS

As of October 1, 2002

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Middle/Jr. High								
High	85%	70	10%	9	5%	3	0%	0
Combination								
Combination Activity Classes								

NORTHWOOD PREPARATORY HIGH SCHOOL

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP) FOR THE 21ST CENTURY

For the Year Ended June 30, 2003

Schedule 7

This schedule is not applicable to Northwood Preparatory High School.

NORTHWOOD PREPARATORY HIGH SCHOOL  
THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY

For the Year Ended June 30, 2003

Schedule 8

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>												
Advanced	N/A	N/A	0	0.00%			N/A	N/A	0	0.00%		
Proficient	N/A	N/A	2	1.72%			N/A	N/A	1	0.89%		
Basic	N/A	N/A	22	18.97%	1	2.85%	N/A	N/A	7	6.19%	2	5.71%
Approaching Basic	N/A	N/A	17	14.65%	6	17.14%	N/A	N/A	9	7.96%		
Unsatisfactory	N/A	N/A	75	64.66%	28	80.01%	N/A	N/A	96	84.96%	33	94.29%
Total	N/A	N/A	116	100%	35	100%	N/A	N/A	113	100%	35	100%

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>												
Advanced	N/A	N/A	0	0.00%	N/A	N/A	N/A	N/A	0	0.00%	N/A	N/A
Proficient	N/A	N/A	3	3.00%	N/A	N/A	N/A	N/A	0	0.00%	N/A	N/A
Basic	N/A	N/A	5	4.00%	N/A	N/A	N/A	N/A	5	5.00%	N/A	N/A
Approaching Basic	N/A	N/A	24	20.00%	N/A	N/A	N/A	N/A	18	16.00%	N/A	N/A
Unsatisfactory	N/A	N/A	87	73.00%	N/A	N/A	N/A	N/A	87	79.00%	N/A	N/A
Total	N/A	N/A	119	100%	N/A	N/A	N/A	N/A	110	100%	N/A	N/A

Note - The School closed before tests were given in 2003.

NORTHWOOD PREPARATORY HIGH SCHOOL

THE IOWA TESTS

For the Year Ended June 30, 2003

Schedule 9

	Composite		
	2003	2002	2001
<b>Test of Basic Skills (ITBS)</b>			
Grade 3	N/A	N/A	N/A
Grade 5	N/A	N/A	N/A
Grade 6	N/A	N/A	N/A
Grade 7	N/A	N/A	N/A
<b>Tests of Educational Development (ITED)</b>			
Grade 9	N/A	18	17

Note - The School closed before tests were given in 2003.

## SUPPLEMENTAL INFORMATION

NORTHWOOD PREPARATORY HIGH SCHOOL

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2003

BOARD MEMBERS

COMPENSATION

Julie Byers  
P. O. Box 322  
Roseland, LA 70456  
985-748-6243

-0-

Bernell Cook  
4645 North Fuller Road  
Baton Rouge, LA 70816  
225-368-0905

-0-

Jacqueline Bush  
P. O. Box 213  
Amite, LA 70422  
985-748-7595

-0-

Ples Jennings  
1740 Hano Road  
Independence, LA 70443  
985-748-5918

-0-

Mike Saucier  
42055 Dunson Road  
Ponchatoula, LA 70454  
985-386-5657

-0-

Krystal Dillon  
43468 Robinson Road  
Hammond, LA 70403  
985-345-8151

-0-

Lana Lee

-0-

David Hardy

-0-

# Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA  
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Northwood Preparatory High School  
Amite, Louisiana

We were engaged to audit the financial statements of Northwood Preparatory High School (a nonprofit organization) as of and for the year ended June 30, 2003 and have issued our report thereon dated February 11, 2004. We did not express an opinion on the financial statements because we were unable to obtain management representations. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Northwood Preparatory High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described as items 2003-1, 2003-2, 2003-3, 2003-4, 2003-6 and 2003-7 in the accompanying schedule of findings and questioned costs.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwood Preparatory High School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-5.



To the Board of Directors  
Northwood Preparatory High School

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of management, the Board of Directors, the Louisiana Legislative Auditor and the Louisiana Department of Education and is not intended for and should not be used by other than those specified parties. This report is intended solely for the use of management and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 11, 2004

*Smith, Havel & Associates, L.L.C.*

NORTHWOOD PREPARATORY HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2003

- 2003-1      The School's Charter School Contract requires that 75% of its teachers maintain state certification. During the year ended June 30, 2003, only 62% of the School's teachers held certification under state guidelines.
- 2003-2      LRS 17.3995A(1) requires an accurate student count as of October 1 be reported to the Louisiana Department of Education. As the School closed on February 18, 2003, no audit was performed on the October 1, 2002 student count. Based on our review of classroom roll books for Schedule 6 on page 23, we were unable to locate 7 of the 34 teachers' roll books.
- 2003-3      On February 18, 2003, the School paid its legal counsel \$5,000. Due to a lack of support, we were unable to determine the purpose of the payment. We recommended the School look into this transaction further to determine the legality of this payment
- 2003-4      Louisiana Revised Statute 17:92 requires the School to submit an annual financial report to the State Superintendent of Education by September 30<sup>th</sup> of the following year. To date, the School has not submitted an annual financial report for the year ended June 30, 2003.
- 2003-5      During the year ended June 30, 2003, we selected 63 transactions for testing. Of that sample, we were unable to locate support in documents for 11 of these transactions.
- 2003-6      Louisiana Revised Statutes 24:513 requires the School's audit to be completed within six months of its year end. Due to the School being closed and the auditors not being engaged until later in the year, the audit was not completed until after the December 31, 2003 deadline.
- 2003-7      The School raised the annual salary of its Director by \$4,000 starting in October, 2002. In our review of the board minutes, we did not find any board approval of this raise. Accordingly, it does not appear that this raise was properly authorized.

NORTHWOOD PREPARATORY HIGH SCHOOL

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2003

2002-1      Percentage of teachers certified under 75% required by School Charter.

Status:      This finding has not been resolved. See finding 2003-1.

2002-2      Possible violation of Louisiana Code of Ethics.

Status:      This finding has been resolved.

2002-3      Problems with the School's student count.

Status:      This finding has not been resolved. See finding 2003-2.